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Mr. Philip Jansen

Customer Service

14115 W. Gunsight Drive
Sun City West, Arizona 85375

Name Karl Wilkins
Phone 623-815-3107
Fax 623-933-0032
E-Mail kwilkins@amwater.com

DOCKET NO. WS-01303A-06-0491

September 17, 2004

Arizona Corporation Commission
DOCKETED

JUL 25 2007

RE: Your Letter of August 18, 2004, Concerning Wastewater Charges –
Account Number: 23-0062345-7

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Dear Mr. Jansen:

Thank you for your recent letter of inquiry regarding your wastewater charges. I will endeavor to address your concerns.

In your letter, you asked, "Are these charges applied to re-coup the capital costs of providing the wastewater treatment facility initially, or are they applied to cover the operating costs of the wastewater treatment plant?" The answer is YES to both these questions.

There are several reasons why your wastewater charges have increased. As wastewater collection systems and treatment facilities age, maintenance and repair costs increase. In addition, the costs we pay for goods/services (e.g., electricity) to operate the lift stations and treatment facilities, the costs of chemicals to treat the waste, and labor costs have all increased. Essentially, the increased charges you note on your monthly bill are needed to maintain our current levels of quality customer service and system reliability, and to keep up with the increased costs of goods and services essential to the operation of our business.

In your area, the Arizona Corporation Commission (ACC) has authorized a flat rate of \$20.58 per month. This rate is based on average wastewater use by residential customers.

In November 2002, AAW filed a rate increase application with the ACC. Before making its final decision, the ACC held public hearings in each of AAW's service area to solicit customer input. After taking the concerns and comments voiced at these hearings into consideration, the ACC issued a Final Order. This Order authorized AAW to bill its Sun City West customers at the rate that went into effect on July 1, 2004. I regret your displeasure with our recent rate adjustment, but I can assure you that the ACC carefully evaluated AAW's rate request, as well as customer input, before authorizing the increase.

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If I can be of further assistance, or if you have additional questions, please feel free to contact me at 623-815-3107.

Sincerely,



Karl Wilkins
Customer Service Superintendent

cc: Brian K. Biesemeyer – AAW
Benjamin Lewis – American Water, Western Region
Commissioner Mike Gleason – ACC